



California

Forms & Instructions

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2002

Los Angeles Revitalization Zone
Business Booklet

This booklet contains:

Form FTB 3806, Los Angeles Revitalization Zone Deduction and
Credit Summary

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STATE OF CALIFORNIA
FRANCHISE TAX BOARD

Instructions for Los Angeles Revitalization Zone Businesses

— Form FTB 3806

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2001**, and to the California Revenue and Taxation Code (R&TC).

Contents

What's New	2
General Information	2
Credit Carryovers Used	3
Doing Business Totally Within or Within and Outside the Former Los Angeles Revitalization Zone	3
Income Apportionment Worksheet	5
Income or Loss Worksheet	7
Net Operating Loss (NOL)	8
NOL Carryover Worksheet	9
Computation of Credit Carryover Limitations	10
Codes for Principal Business Activity	12
Form FTB 3806 , Los Angeles Revitalization Zone Deduction and Credit Summary	15
Schedule Z, Computation of Credit Carryover Limitations	16
How to Get California Tax Information	20

What's New

Beginning with the 2002 tax year form, Side 2 of form FTB 3806, formerly Worksheet VI, has been renamed **Schedule Z**. This change is consistent with other FTB forms that have schedules as part of the return.

For taxable years beginning in 2002 and 2003, California has suspended the Net Operating Loss carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. However, the deduction for disaster losses is not affected by the NOL suspension rules.

The carryover period for suspended losses is extended by two years for losses incurred before January 1, 2002 and by one year for losses incurred after January 1, 2002 and before January 1, 2003.

For more information see form FTB 3805V and 3805Q.

For taxable years beginning on or after January 1, 2002, the NOL carryover computation for the California taxable income of a nonresident or part-year resident is no longer limited by the amount of net operating loss from all sources. Only your California sourced income and losses are considered in determining if you have a California NOL.

For the 2002 taxable year only, no addition to tax shall apply with respect to any underpayment of estimated tax to the extent the underpayment of an installment was created or increased by any provisions of law enacted or amended by an act chaptered during the 2002 calendar year.

General Information

Federal/State Conformity

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1,

2001. Therefore, California has conformed to the income tax changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206), the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Surface Transportation Revenue Act of 1998 (Public Law 105-178), the Ricky Ray Hemophilia Relief Fund Act of 1998 (Public Law 105-369), the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (Public Law 106-519), the Consolidated Appropriations Act of 2001 (Public Law 106-554), and to technical corrections made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16). However, there are continuing differences between California and Federal law. California has not conformed to some of the law changes made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16) or the federal Job Creation and Worker Assistance Act of 2002 (Public Law 107-147).

For purposes of this booklet, the term "pass-through entity" refers to an S corporation, an estate or trust, a partnership, and a limited liability company (LLC) classified as a partnership. References to partnerships include LLCs classified as partnerships.

Economic Development Area Tax Incentives

California statutes require the Franchise Tax Board (FTB) to provide information to the California Legislature and the California Technology, Trade and Commerce Agency (TTCA) regarding the number of businesses using the economic development area (EDA) tax incentives, types of EDA tax incentives being used, and the EDAs in which the businesses are claiming the tax incentives.

Complete items A through G on form FTB 3806, Side 1, Los Angeles Revitalization Zone Deduction and Credit Summary, as applicable. This information will be used to meet the FTB's statutory reporting requirement.

The Former Los Angeles Revitalization Zone

The Los Angeles Revitalization Zone (LARZ) was established to aid economic development in areas that suffered damage during the civil unrest that occurred in the County of Los Angeles during April and May 1992. The LARZ became operative on May 1, 1992, and applied to businesses with taxable years beginning on or after January 1, 1992.

The following tax incentives were provided for businesses operating within the LARZ:

- General hiring credit;
- Construction hiring credit;
- Sales or use tax credit;
- Business expense deduction;
- Net interest deduction; and
- Net operating loss (NOL) deduction.

The LARZ expired on December 1, 1998.

Accordingly, references in this booklet to the "former LARZ" are interpreted as "the boundaries of the LARZ as it existed on November 30, 1998."

Note: Effective January 1, 1996, the geographic area of the LARZ was redrawn by the TTCA to eliminate some previously qualified addresses. The benefits incurred in the LARZ prior to the downsizing were allowed to be carried forward as if the LARZ were not downsized.

Businesses operating within the former LARZ do not need to receive prior approval to take advantage of the special tax incentives.

Purpose

Claiming Deduction and Credit Carryovers

Use this booklet to determine the following deduction and credit carryovers that the business may claim for operating or investing in a trade or business within the former LARZ:

- General hiring credit carryover;
- Construction hiring credit carryover;
- Sales or use tax credit carryover; and
- NOL deduction.

Complete the worksheets in this booklet for the NOL deduction or credit carryover for which the business is eligible. Then enter the NOL deduction and credit carryovers on form FTB 3806.

Geographic Boundaries

The geographic boundaries of the former LARZ are used to determine whether tax incentives are available to a business in a particular location. The communities within the former LARZ are:

- | | |
|-------------------|---------------------|
| • Compton | • Los Angeles |
| • Hawthorne | • Lynwood |
| • Huntington Park | • Pomona |
| • Inglewood | • Signal Hill |
| • Lawndale | • Unincorporated LA |
| • Long Beach | County |

Information about the geographic boundaries of the former LARZ is available from:

Enterprise Zone Programs
California Technology, Trade and
Commerce Agency
1102 Q Street, Suite 6000
Sacramento CA 95814

Tel: (916) 324-8211

Fax: (916) 322-3524

Website: www.commerce.ca.gov

If your business is located both within and outside the former LARZ, see Part II, Doing Business Totally Within or Within and Outside the Former LARZ, for information on how to apportion business income.

Forms Table

The titles of forms referred to in this booklet are:

Form 100	California Corporation Franchise or Income Tax Return
Form 100S	California S Corporation Franchise or Income Tax Return
Form 100W	California Corporation Franchise or Income Tax Return – Water's-Edge Filers
Form 109	California Exempt Organization Business Income Tax Return
Form 540	California Resident Income Tax Return
Long Form 540NR	California Nonresident or Part-Year Resident Income Tax Return
Form 541	California Fiduciary Income Tax Return
Form 565	Partnership Return of Income
Form 568	Limited Liability Company Return of Income
Schedule CA (540)	California Adjustments — Residents
Schedule CA (540NR)	California Adjustments — Nonresidents or Part-Year Residents
Schedule P	Alternative Minimum Tax and Credit Limitations
Schedule R	Apportionment and Allocation of Income
FTB Pub. 1061	Guidelines for Corporations Filing a Combined Report S Corporation Tax Credit
Schedule C (100S)	Shareholder's Share of Income, Deductions, Credits, etc.
Schedule K-1 (100S)	Beneficiary's Share of Income, Deductions, Credits, etc.
Schedule K-1 (541)	Partner's Share of Income, Deductions, Credits, etc.
Schedule K-1 (565)	Member's Share of Income, Deductions, Credits, etc.
Schedule K-1 (568)	Member's Share of Income, Deductions, Credits, etc.

How to Claim Deductions and Credit Carryovers

To claim any LARZ NOL deduction or credit carryover, the business **must attach** a completed form FTB 3806 to its California tax return.

Attach a separate form FTB 3806 for each business you operate or invest in that is located within the former LARZ

- For corporations that operate a business in a LARZ, complete Schedule Z, and all the Worksheets except for Worksheet I, Section B.

- For sole proprietors that operate a business in a LARZ, complete Schedule Z, and all the worksheets.
- For trust, estate, and partnerships that operate in a LARZ, complete Worksheet I, Section A, and form FTB 3806, Side 1.
- Individual investors receiving pass-through LARZ credits, complete Worksheet I, Section B, Worksheet II, Schedule Z, and form FTB 3806, Side 1. All other investors complete Worksheet I, Section A, Worksheet II, Schedule Z, and form FTB 3806, Side 1.

To assist with the processing of the tax return, indicate that the business operates or invests within the former LARZ by doing the following:

Form 540 filers: Claim LARZ tax incentives on Form 540, lines 14 and 28, as applicable.

Long Form 540NR filers: Claim LARZ tax incentives on Long Form 540NR, lines 14 and 37, as applicable.

Form 100 filers: Claim LARZ tax incentives on Form 100, line 15, line 21, and line 25 through line 27, as applicable.

Form 100S filers: Claim LARZ tax incentives on Form 100S, line 12, line 19, and line 23 through line 25, as applicable.

Form 100W filers: Claim LARZ tax incentives on Form 100W, line 15, line 21, and line 25 through line 27, as applicable.

Form 109 filers: Check the "Yes" box for the EZ, LARZ, LAMBRA, MEA, or TTA question G on the top of Form 109, Side 1.

Note: Be sure to keep all completed worksheets and supporting documents for your records.

Instructions for items A through G on FTB 3806, Side 1

- For corporations, estates, trusts, partnerships, exempt organizations, and sole proprietors who operate businesses in the LARZ, complete items A through G.
- Investors of pass-through entities, complete items A through D. See page 15.

Codes for Principal Business Activity

The codes for principal business activity (PBA) are based on the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget, 1997 Edition. Accordingly, the PBA and NAICS codes are used for purposes of business classification. Refer to page 12 through page 14 for a list of qualified PBA codes. Enter the PBA code of the business establishment on form FTB 3806, Side 1.

Part I Credit Carryovers Used

1 a Construction Hiring Credit Carryover

No new LARZ construction hiring credits may be generated in taxable

years beginning on or after January 1, 1998. However, LARZ construction hiring credit carryovers may be claimed for 15 years from the year the credit was generated. See Part IV, Computation of Credit Carryover Limitations, for information on how to claim construction hiring credit carryovers.

b General Hiring Credit Carryover

No new LARZ general hiring credits may be generated in taxable years beginning on or after January 1, 1998. However, LARZ general hiring credit carryovers may be claimed for 15 years from the year the credit was generated. See Part IV, Computation of Credit Carryover Limitations, for information on how to claim general hiring credit carryovers.

c Sales or Use Tax Credit

No new LARZ sales or use tax credits may be generated in taxable years beginning on or after January 1, 1998.

However, LARZ sales or use tax credit carryovers may still be claimed for 15 years from the year the LARZ credit was generated. See Part IV, Computation of Credit Carryover Limitations, for information on how to claim sales or use tax credit carryovers.

Part II Doing Business Totally Within or Within and Outside the Former LARZ

The LARZ credit and NOL carryovers are limited to the tax on business income attributable to operations within the former LARZ. If the business is located totally within or within and outside of the former LARZ, the portion of total business operations that are attributable to the former LARZ must be determined.

Business Income vs. Nonbusiness Income

Only business income is apportioned to the former LARZ to determine the incentive limitation. LARZ credit and NOL carryovers are limited to tax on business income attributable to the operations within the former LARZ.

Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the regular trade or business operations. Nonbusiness income is all income other than business income. Get Title 18 Cal. Code Reg. Section 25120 for further references and examples of nonbusiness income.

For an individual, business income includes but is not limited to California business income or loss from Schedules C, D, D-1 (or

federal Form 4797, Sales of Business Property, in lieu of a Schedule D-1), E, and F, as well as wages. Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040 Schedule A as itemized deductions.

In essence, all income which arises from the conduct of trade or business operations of a taxpayer is business income.

Note: If you elected to carry back part or all of your current year disaster loss under IRC Section 165(i)(1), do not include the amount of the loss that was carried back in your current year business income for the former LARZ.

Pass-through entities must report to their shareholders, beneficiaries, partners, and members:

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the former LARZ; and
2. The distributive (or pro-rata for S corporations) share of the business capital gains apportioned to the former LARZ included in item 1.

These items should be reported using the appropriate California schedules listed below:

- Schedule K-1 (100S), line 23;
- Schedule K-1 (541), line 11e;
- Schedule K-1 (565), line 22; or
- Schedule K-1 (568), line 22.

Form 540 and Long Form 540NR filers, refer to Worksheet I, Section B to compute business income apportioned to the LARZ.

For business entities, including sole proprietors, use Worksheet I, Section A to compute business income apportioned to the LARZ.

Apportionment

Business income is apportioned to the former LARZ by multiplying the total California business income of the taxpayer by a fraction, the numerator which is the property factor plus the payroll factor, and the denominator which is two.

Property Factor

Property is defined as the average value of all real and tangible personal property owned or rented by the business and used during the taxable year to produce business income.

Note: Property is included in the factor if it was available for use during the taxable year.

Property owned by the business is valued at its original cost. Original cost is the basis of the property for federal income tax purposes (prior to any federal adjustment) at the time of acquisition by the business, adjusted for subsequent capital additions or improvements and partial dispositions because of sale or exchange. Allowance for depreciation is not considered.

Rented property is valued at eight times the net annual rental rate. The net annual rental rate for any item of rented property is the total

rent paid for the property, less aggregate annual subrental rates paid by subtenants.

The numerator of the property factor is the average value of the taxpayer's real and tangible personal property owned or rented by the business and used within the former LARZ during the taxable year to produce LARZ business income. See column (b) on Worksheet I.

The denominator of the property factor is the total average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year within California. See column (a) on Worksheet I.

Payroll Factor

Payroll is defined as the total amount paid to the business's employees for compensation for the production of business income during the taxable year.

Compensation means wages, salaries, commissions, and any other form of remuneration paid directly to employees for personal services.

Payments made to independent contractors or any other person not properly classified as an employee are excluded.

Compensation Within the Former LARZ

Compensation is considered to be within the former LARZ if any one of the following tests is met:

1. The employee's services are performed within the geographical boundaries of the former LARZ; or
2. The employee's services are performed within and outside the former LARZ, but the services performed outside the former LARZ are incidental to the employee's service within the former LARZ.

Incidental means any temporary or transitory service performed in connection with an isolated transaction.

3. If the employee's services are performed both within and outside the former LARZ, the employee's compensation is attributed to the former LARZ if:

- A. The employee's base of operations is within the former LARZ; or
- B. There is no base of operations in any other part of the state in which some part of the service is performed, and the place from which the service is directed or controlled is within the former LARZ; or
- C. The base of operations or the place from which the service is directed or controlled is not in any other part of the state in which some part of the service is performed and the employee's residence is within the LARZ.

Base of operations is the permanent place from which employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or persons; to replenish stock or other material; to repair equipment; or to perform any other functions

necessary in the exercise of their trade or profession at some other point or points.

The numerator of the payroll factor is the taxpayer's total compensation paid to employees for working within the former LARZ during the taxable year. See column (b) on Worksheet I.

The denominator of the payroll factor is the taxpayer's total compensation paid to employees working in California. See column (a) on Worksheet I.

Corporations which file a combined report

Business income for each corporation doing business in the former LARZ will be its business income apportioned to California (See FTB Pub. 1061 for further information on combined reports and entity income apportionment). The former LARZ property and payroll factors used in the determination of former LARZ business income includes only the taxpayer's California amounts in the denominator.

Example – Computation of LARZ business income assigned to each entity operating within the former LARZ:

Parent Corporation A has two subsidiaries, B and C. Corporations A and B operate within the LARZ. The combined group operates within and outside California and apportions its income to California using Schedule R. Assume the combined group's business income apportioned to California was \$1,000,000 and Corporation A and B's share of California business income is \$228,000 and \$250,000 respectively. Corporation A and B's separate LARZ and separate California property and payroll factor amounts are shown on this page.

Assume the business income apportioned to the LARZ was determined as follows:

	A	B
Property Factor		
LARZ property	\$1,000,000	\$ 800,000
California property	\$1,000,000	\$1,200,000
Apportionment %	100%	66.66%
Payroll Factor		
LARZ payroll	\$800,000	\$ 800,000
California payroll	\$800,000	\$1,000,000
Apportionment %	100%	80%
Average Apport. % (Property + Payroll Factors) 2	100%	73.33%
Apportioned Business Income	\$228,000	\$250,000
LARZ BUSINESS INCOME	\$228,000	\$183,333

Instructions for Worksheet I — Los Angeles Revitalization Zone

Section A – Income Apportionment

Note: If the business operates only within the former LARZ, you only have to enter 100% (1.00) on line 4, of Section A and Section B, column c. Do not complete the rest of the Worksheet I.

Use Worksheet I, Section A, Income Apportionment, to determine the amount of

Worksheet I Los Angeles Revitalization Zone**Section A** Income Apportionment

Use Worksheet I, Section A if your business has net income from sources within and outside the former LARZ.

	(a) Total within California	(b) Total within the former LARZ	(c) Percentage within the former LARZ column (b) ÷ column (a)
PROPERTY FACTOR			
1 Average yearly value of owned real and tangible personal property used in the business (at original cost). See instructions for more information. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business. See instructions for more information			
Total property values			
PAYROLL FACTOR			
2 Employees' wages, salaries, commissions, and other compensation related to business income included in the return.			
Total payroll			
3 Total percentage – add the percentages in column (c) ..			
4 Average apportionment percentage (1/2 of line 3). Enter here and on form FTB 3806, Side 1, line 2			

The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the former LARZ.

Note: Those factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer has no payroll within and outside the former LARZ, then the average apportionment percentage would be computed by dividing line 3 by one (instead of by two as normally instructed.)

business income apportioned to the former LARZ. The business income apportioned to the former LARZ determines the amount of LARZ credit and NOL carryovers that can be used.

Only California source business income is apportioned to the former LARZ. A taxpayer's business income apportioned to the former LARZ is its California apportioned business income multiplied by the specific LARZ apportionment percentage.

The LARZ property and payroll factors used in the determination of apportionable business income include only the taxpayer's California amounts in the denominator.

Section B – Income or Loss

Form 540 and Long Form 540NR filers, use Worksheet I, Section B to determine the amount to enter on:

- Worksheet II, line 1, and line 6; and
- Schedule Z, Part I, line 1, and line 3.

Do not include disaster losses in any amounts used in the table.

Only California source business income is apportioned to the former LARZ.

The first step is to determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income," since only business income may be apportioned to the former LARZ. See Part II for a complete discussion of business and nonbusiness income.

Business income or loss reported on federal Form 1040 Schedules C, C-EZ, E, and F, and other schedules are reported on line 6 through line 9. Line 11 and line 12 report business gains or losses reported on Schedule D and Schedule D-1. All business income and losses should be adjusted for any differences between California and federal amounts as shown on the Schedule CA (540 or 540NR).

Part I Individual Income and Expense Items

Wages: Taxpayers with wages from a company located within and outside the former LARZ must determine the LARZ wage income by entering the percentage of their time that they worked within the former LARZ in column (b). The percentage of time should be for the same period for which the wages entered on line 1 were earned. This percentage must be determined based on their record of time and events such as a travel log or entries in a daily planner.

Part II Pass-Through Income or Loss

Multiple Pass-Through Entities: If you are a shareholder, partner, or member in multiple pass-through entities with businesses located within and outside the former LARZ from which you received LARZ incentives, see the example below for computing business income in the former LARZ.

Example:

Pass-through entity	Trade or business income from Schedule K-1 (100S, 541, 565 or 568)	Entity's LARZ apportionment percentage	LARZ apportioned income
ABC, Inc.	\$40,000	80%	\$32,000
A, B & C	30,000	10%	3,000
ABC, LLC	10,000	50%	5,000
Total			\$40,000

Part III Taxpayer's Trade or Business

Business Income: Use business income or loss from federal Form 1040 Schedules C, C-EZ, E, and F, plus California adjustments from Schedule CA (540 or 540NR) for each trade or business. Also include business capital gains and losses from Schedule D and business gains and losses from Schedule D-1 as adjusted on Schedule CA (540 or 540NR).

Income Computation

To compute Worksheet II, form FTB 3806, Side 1, and Schedule Z, you must complete Worksheet I, Section B. The instructions below refer to Worksheet I, Section B.

Located Entirely Within Former LARZ

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, or F, or another schedule, is entirely within the former LARZ, enter the income or loss from this activity in column (a), and enter 1.00 in column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within the former LARZ, enter the gain or loss reported in column (a), and enter 1.00 in column (b).

Located Entirely Within California

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, or F, or another schedule, is entirely within California, enter the income or loss from this activity in column (a). To determine the apportionment percentage in column (b), complete Worksheet I Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within California, enter the gain or loss reported in column (a). To determine the apportionment percentage in column (b), complete Worksheet I, Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

Located Within and Outside of Former LARZ and California

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, or F, or another schedule, is within and outside the former LARZ and California, get Schedule R and complete line 1 through line 13b. Enter the amount from Schedule R, line 13b on column (a) of this worksheet. (For corporations which file a combined report, see Instructions Part II). To determine the apportionment percentage in column (b), complete Worksheet I, Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

Note: When computing Schedule R, disregard any reference to Form 100, Form 100W, Form 100S, Form 100X, Form 565, or Form 568. Also disregard any reference to Schedule R-3, Schedule R-4, or Schedule R-5, and skip line 11.

Nonresidents that have an apportioning business that operates within the former LARZ should have already computed Schedule R and can use those amounts when that schedule is referenced. Residents that have an apportioning business will not have completed a Schedule R since they are taxed on income from all sources. However, in order for residents to determine their California source business income for purposes of the LARZ calculation, they must also complete a Schedule R.

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted within and outside the former LARZ and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the percentage on Schedule R-1, line 5 and enter the result in column (a). To determine the apportionment percentage in column (b), complete Worksheet I, Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

Line 14 – If the result on the Income or Loss Worksheet I, Section B, line 14, column (c) is a **negative** amount, you do not have income attributable to the former LARZ and you cannot claim any LARZ credit or NOL carryovers this year.

If the result on the Income or Loss Worksheet, line 14, column (c) is a **positive** amount and:

- You have LARZ NOL carryovers, enter the amount on Worksheet II, line 1 and line 6 (skip line 2 through line 5). Also enter the amount from the Income or Loss Worksheet, line 14, column (c) on Schedule Z, Part I, line 1 and line 3 (skip line 2) if you have LARZ credit carryovers; or
- You do not have LARZ NOL carryovers but you do have LARZ credit carryovers, enter the amount on Schedule Z, Part I, line 1 and line 3 (skip line 2).

Worksheet I Los Angeles Revitalization Zone**Section B Income or Loss****Part I Individual Income and Expense Items.** See instructions.

	(a) Amount	(b) Percentage of time providing services in the former LARZ	(c) Apportioned amount (a) x (b)
1 Wages			
2 Employee business expenses			
3 Subtotal: Enter the total of line 1, column (c) and line 2, column (c) on this line			

Part II Pass-Through Income or Loss. See instructions.

(a) Name of entity	(b) Distributive or pro-rata share of business income or loss apportioned to the former LARZ from Schedule K-1 (100S, 541, 565, or 568) including capital gains and losses
4	
5 Subtotal: Enter the total of line 4, column (b), on this line	

Part III Taxpayer's Trade or Business. See instructions.

	(a) California business income or loss	(b) Apportionment percentage for the former LARZ	(c) Apportioned income or loss (a) x (b)
6 Schedule C or C-EZ			
7 Schedule E (Rentals)			
8 Schedule F			
9 Other			
10 Subtotal: Enter the total of line 6 through line 9, column (c) on this line			
	(a) California business gain or loss	(b) Apportionment percentage for the former LARZ	(c) Apportioned gain or loss (a) x (b)
11 Schedule D			
12 Schedule D-1			
13 Subtotal: Enter the total of line 11, column (c) and line 12, column (c) on this line			
14 Total: Enter the total of line 3, line 10, and line 13, column (c) and line 5, column (b) on this line			

Part III Net Operating Loss (NOL)

No new LARZ NOLs may be generated in taxable years beginning on or after January 1, 1998.

LARZ NOL carryovers may still be claimed for 15 years from the year the LARZ NOL was generated.

Note: Financial institutions using bad debt reserve methods may carry over the loss for a maximum of five taxable years.

Limitation

A LARZ NOL deduction can offset only business income attributable to operations within the former LARZ.

Alternative Minimum Tax

Taxpayers claiming a LARZ NOL deduction must determine their NOL for alternative minimum tax (AMT) purposes. Use Schedule P (100, 100W, 540, 540NR, or 541) to compute the LARZ NOL for AMT purposes.

S Corporations

LARZ NOLs incurred prior to becoming an S corporation may not be used against S corporation income. See IRC Section 1371(b).

However, an S corporation is allowed to deduct a LARZ NOL carryover incurred after the "S" election is made. An S corporation may use the NOL carryover as a deduction against income subject to the 1.5% entity-level tax (3.5% for financial institutions).

Also, the LARZ NOL carryover of an S corporation may be different than the LARZ NOL carryover(s) of its shareholder(s).

Taxpayers Operating Within and Outside the Former LARZ

Unlike the NOL treatment on a federal consolidated return, a loss carryover for one member included in a combined report may not be applied to the intrastate apportioned income of another member included in a combined report.

For any water's-edge taxpayer, R&TC Section 24416(c) imposes a limitation on the NOL deduction if the NOL is generated during a non-water's edge tax year. The NOL carryover is limited to the lesser of the NOL or the re-computed NOL. The re-computed NOL carryover is determined by computing the income and factors of the original worldwide combined reporting group, as if the water's-edge election had been in force for the year of the loss. R&TC Section 24416(c) serves as a limitation. If this section applies, the NOL carryover for each corporation may only be decreased, not increased.

Instructions for Worksheet II — Net Operating Loss (NOL) Carryover and Carryover Limitations

For taxable years beginning in 2002 and 2003, California has suspended the Net Operating Loss carryover deduction. However, the deduction for disaster losses is not affected by the NOL suspension rules.

The carryover period for suspended losses is extended by two years for losses incurred before January 1, 2002 and by one year for losses incurred after January 1, 2002 and before January 1, 2003.

For more information see form FTB 3805V and 3805Q.

For taxable years beginning on or after January 1, 2002, the NOL carryover computation for the California taxable income of a nonresident or part-year resident is no longer limited by the amount of net operating loss from all sources. Only your California sourced income and losses are considered in determining if you have a California NOL.

As a result of the NOL suspension, Worksheet II (Computation of NOL Carryover and Carryover Limitations - Individuals, Exempt Trusts, and Corporations), line 1 through line 7 are not required to be filled out for the 2002 tax year.

Line 8 through Line 14 – Enter the amounts as positive numbers.

In column (e), enter the amount from column (b), as applicable.

Example:

(b) Carry- over from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) LARZ NOL carryover
\$ 500			\$ 500
6,000			6,000

Line 15 – Enter the totals from column (b), and column (e) on form FTB 3806, Side 1, line 3a and line 3c, respectively.

Your LARZ NOL carryover(s) to 2003 is the amount in column (e).

Worksheet II Net Operating Loss (NOL) Carryover and Carryover Limitations — Los Angeles Revitalization Zone

1 Enter the amount from Form 100, line 18; Form 100W, line 18; Form 100S, combined amounts of line 15 and line 17; or Form 109, line 1 or line 10. Form 540 and Long Form 540NR filers, enter the total from Worksheet I, Section B, line 14, column (c) on line 1 and line 6 (skip line 2 through line 5). See instructions.

Note: Corporations which file a combined report, enter the taxpayer's business income assigned to California (see instructions Part II)

2 a Form 100, Form 100S, Form 100W, and Form 109 filers: Enter any nonbusiness income included in line 1 as a negative number. Form 540 and Long Form 540NR filers leave blank.

b Form 100, Form 100S, Form 100W, and Form 109 filers: Enter any nonbusiness losses included in line 1 as a positive number. Form 540 and Long Form 540NR filers leave blank.

c Combine line 2a and line 2b

3 Form 100 and Form 100W filers: Enter the amount from Form 100, line 22. Form 100W filers: Enter the amount from Form 100W, line 22. Form 100S filers: Enter the total of the amounts from Form 100S, line 17 and line 20. Enter this amount as a negative number. Form 540, Long Form 540NR, and Form 109 filers: Enter -0-.

4 Combine line 1, line 2c, and line 3.

5 Enter the average apportionment percentage from Worksheet I, Section A, line 4.

6 Modified taxable income. Multiply line 4 by line 5

1	
2a	
2b	
2c	
3	
4	
5	
6	

(a) Description	(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) LARZ NOL carryover to 2003
7 Modified taxable income from line 6				
8 LARZ NOL carryover beginning in 1992				
9 LARZ NOL carryover beginning in 1993				
10 LARZ NOL carryover beginning in 1994				
11 LARZ NOL carryover beginning in 1995				
12 LARZ NOL carryover beginning in 1996				
13 LARZ NOL carryover beginning in 1997				
14 LARZ NOL carryover beginning in 1998				
15 Total the amounts in column (b) and column (e). See instructions				

Part IV Computation of Credit Carryover Limitations

No new LARZ credits may be generated in taxable years beginning on or after January 1, 1998. However, LARZ credit carryovers may be claimed for 15 years from the year the credit was generated.

Credit Carryover Limitations

The amount of credit carryover you can claim on your California tax return is limited by the amount of tax attributable to the business income generated within the former LARZ. Use Schedule Z to compute this limitation.

Credit carryovers you are otherwise eligible to claim may be limited. Do not apply credit carryovers against the minimum franchise tax (corporations and S corporations), annual tax (partnerships, and QSub), alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), built-in gains tax (S corporations), or net passive income tax (S corporations).

Carryover

If the amount of credit carryover available this year exceeds your tax, you may carry over any excess credit to future years. The maximum carryover period is 15 years. Apply the carryover to the earliest taxable or income year(s) possible. In no event can the credit carryover be carried back and applied against a prior year's tax. Even though the LARZ has expired, the tax must continue to be computed on income as if the LARZ were still in existence.

For S corporations, the amount of credit carryover that is in excess of the 1.5% entity-level tax (3.5% for financial S corporations) in the current year may be carried forward and used in future years to offset the 1.5% entity-level tax (3.5% for financial S corporations). See the instructions for Schedule Z, Part III for more information.

Credit Code Number

You must use credit code number **159** to claim the LARZ hiring and sales or use tax credit carryovers on your tax return. Using the incorrect code number may cause a delay in allowing the credit.

Instructions for Schedule Z — Computation of Credit Carryover Limitations

Note: Schedule Z is on Side 2 of form FTB 3806.

Partnerships

Do not complete Schedule Z. However, the partners and members of these types of entities should complete Schedule Z in order to determine the amount of LARZ credit carryovers that they may claim on their California tax return. S corporations and their shareholders must each complete Schedule Z.

Reporting Requirements of S Corporations, Estates, Trusts, and Partnerships

- Report to shareholders, beneficiaries, partners, and members, the distributive or pro-rata share of business income, loss, and deductions apportioned to the former LARZ; and
- Separately state the distributive or pro-rata share of any business capital gains and losses apportioned to the former LARZ included in the amount above.

S corporations: Complete Part I and Part III of Schedule Z if your entity-level tax before credits is more than the minimum franchise tax.

Corporations and S corporations subject to the minimum tax only

Complete only Part IV of Schedule Z.

All others: Complete Part I and Part II of Schedule Z.

Part I

Note: For filers with LARZ NOL carryovers:

- Complete Worksheet II first if you have a LARZ NOL carryover(s).
- Then complete Schedule Z if you have any LARZ credit carryovers.

If you do not have any LARZ NOL carryovers:

- **Individuals:** Go to Worksheet I, Section B. Follow the instructions there. Enter the amount from Worksheet I, Section B, line 14, column (c) on Schedule Z, Part I, line 1, and line 3 (skip line 2).
- **Corporations:** Follow the instructions for line 1 below.

Line 1 — See page 3 for a definition of business income. Enter all business income.

Line 2 — If your business is located entirely within the former LARZ, enter 1.

Specifically, this percentage is the apportionment percentage computed by the entity using Worksheet I, Section A, and represents the percentage of the entity's business income attributable to the former LARZ.

Line 6a — Compute the tax as if the taxable income generated within the former LARZ represented all of your taxable income.

Individuals: Use the tax table or tax rate schedule in your tax booklet for your filing status.

Exempt organizations: Use the applicable tax rate in your tax booklet.

Corporations and S corporations: Use the applicable tax rate.

Example (Determination of LARZ Income for Shareholders, Partners, or Members of Pass-Through Entities): John Anderson is vice president of ABC, Inc., an S corporation that has two locations: one within the former LARZ and one outside the former LARZ. Eighty percent (80%) of the S corporation's business is attributable to the former LARZ.

Note: This percentage was determined by ABC, Inc. using Worksheet I, Section A, Income Apportionment Worksheet, when

ABC's California S corporation return (Form 100S) was prepared.

John divides his time equally (50/50) between the two offices of ABC, Inc. Jackie Anderson (John's spouse) works for ABC, Inc. at its office located within the former LARZ.

John and Jackie Anderson have the following 2002 items of California income and expense:

John's salary from ABC, Inc. \$100,000
Jackie's salary from ABC, Inc. 75,000
Interest on savings account 1,000
Dividends 3,000
Schedule K-1 (100S) from ABC, Inc.:

Ordinary income 40,000
John's unreimbursed employee expenses from federal Schedule A . (2,000)

The Andersons' income generated within the former LARZ (total amount to be reported on line 3) is computed as follows:

John's LARZ (\$100,000 x 50%) \$50,000
Jackie's LARZ salary (\$75,000 x 100%) 75,000
Pass-through ordinary income from ABC, Inc. (\$40,000 x 80%) 32,000
John's unreimbursed employee business expenses (2,000 x 50%) (1,000)
Total LARZ income (Schedule Z, Part I, line 3) \$156,000

Note: The standard deduction and personal or dependency exemptions are not included in the computation of LARZ income since they are not related to trade or business activities.

John and Jackie Anderson must compute the tax (to be entered on Schedule Z, Part I, line 6a) on the total LARZ income of \$156,000 (as if it represents all of their income). Using the tax rate schedule in their tax booklet for filing status married filing joint, the 2002 tax amount on \$156,000 is \$10,758.

Line 6b — Corporations and S corporations: If the amount on line 6b is the minimum franchise tax (\$800), you cannot use your LARZ credit carryovers this year. You should complete Part IV of Schedule Z to figure the amount to carry over.

Part II

Use Part II if you are a corporation, individual, estate, or trust. Corporations that are subject to paying only the minimum franchise tax, go to Part IV.

Line 8A, column (c) — Enter the amount from line 7. This is the amount of limitation based on the tax on business income generated within the former LARZ.

Line 8A, column (d) — Enter the amount of credit carryover that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount in column (c) or the amount on line 8B, column (b).

Line 8B, column (b) — Enter the amount of the total prior year carryover of the credit. This is the amount of credit carryover that was previously computed on Schedule Z, Part II, line 8B, column (e) of the prior year return.

Line 8B, column (c) – Compare the amount of line 8A, column (c) and line 8A, column (d). Enter the smaller amount.

Line 8B, column (e) – Subtract the amount of column (c) from the amount of column (b). Enter the result in column (e). This is the amount of credit carryover that can be carried over to future years.

Note: This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LARZ business income.

Line 9A, column (c) – Subtract the amount of line 8B, column (c) from the amount of line 8A, column (c). If the result is zero, your remaining credit carryovers are limited and must be carried over to future years. In this case, enter the amounts from line 9B, column (b) and line 10B, column (b) on line 9B and 10B, column (e).

Line 9A, column (d) – Enter the amount of credit carryover that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount in column (c) or the amount on line 9B, column (b).

Line 9B, column (b) – Enter the amount of the total prior year carryover of the credit. This is

the amount of credit carryover that was previously figured on Schedule Z, Part II, line 9B, column (e) of the prior year return.

Line 9B, column (c) – Compare the amount of line 9A, column (c) and line 9A, column (d). Enter the smaller amount.

Line 9B, column (e) – Subtract the amount of column (c) from the amount of column (b). Enter the result in column (e). This is the amount of credit carryover that can be carried over to future years.

Note: This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LARZ income.

Line 10A, column (c) – Subtract the amount of line 9B, column (c) from the amount of line 9A, column (c). If the result is zero, your remaining credit carryover is limited and must be carried over to future years. In this case, enter the amount from line 10B, column (b) in column (e).

Line 10A, column (d) – Enter the amount of credit carryover that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount in column (c) or the amount on line 10B, column (b).

Line 10B, column (b) – Enter the amount of total prior year carryover of the credit. This is the amount of credit carryover that was previously figured on Schedule Z, Part II, line 10B, column (e) of the prior year return.

Line 10B, column (c) – Compare the amount of line 10A, column (c) and line 10A, column (d). Enter the smaller amount.

Line 10B, column (e) – Subtract the amount of column (c) from the amount of column (b). Enter the result in column (e). This is the amount of credit carryover that can be carried over to future years.

Note: This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LARZ income.

Example: Part II

Assume the ABC Business has \$8,000 of tax. The business has a credit limitation of \$7,000 computed on Schedule Z, line 7. The business has a construction hiring credit carryover of \$5,000, general hiring credit carryover of \$800, and sales or use tax credit carryover of \$9,000.

Schedule Z, Part II would be computed as follows:

Part II Limitation of Credits for Corporations, Individuals, Estates, and Trusts

	(a) Credit name	(b) Total prior year credit carryover	(c) Limitation based on LARZ business income	(d) Used on Schedule P can never be greater than col. (b) or col. (c)	(e) Carryover col. (b) minus col. (c)
8 Construction hiring	A		7,000	5,000	
	B	5,000	5,000		-0-
9 General hiring	A		2,000	800	
	B	800	800		-0-
10 Sales or use tax	A		1,200	1,200	
	B	9,000	1,200		7,800

Part III

Use Part III only if you are an S corporation.

You may need to adjust your federal Form 1040 Schedule C to reflect the LARZ tax limitation (Part I, line 7) on your credits after completing Schedule Z.

Line 11 through Line 13, column (b) – Enter the amount of the total prior year credit carryover on line 11, column (b); line 12, column (b); and line 13, column (b), as applicable. These are the amounts of credit carryovers that were previously figured on Schedule Z, Part III, line 11, line 12, and line 13, column (d) of the prior year return, as applicable.

Line 11 through Line 13, column (c) – Enter the amount of credit carryover that was used by the S corporation in the current year to offset its 1.5% entity-level tax (3.5% for financial S corporations) in column (c) for line 11, line 12, and line 13, as applicable. Enter these amounts on form FTB 3806, Side 1, line 1a, line 1b, and line 1c, as applicable.

Line 11 through Line 13, column (d) – Subtract the amounts in column (c) for each line from the amounts in column (b) for each line. These are the amounts of credit carryovers that can be carried over to future years and used by the S corporation.

Part IV

Use Part IV if you are a corporation or S corporation subject to paying only the minimum franchise tax.

Line 14 through Line 16, column (b) – Enter the amount of the total prior year carryover of the credit in column (b) for line 14, line 15, and line 16, as applicable. These are the amounts of credit carryovers that were previously computed on Schedule Z, Part IV, line 14, line 15, and line 16, column (c) of the prior year return, as applicable.

Line 14 through Line 16, column (c) – Enter the amount in column (b) for line 14, line 15, and line 16 in this column for line 14, line 15, and line 16, as applicable.

FTB 3806

Codes for Principal Business Activity

This list of principal business activities and their associated codes is designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California Revenue and Taxation Code. For taxable years beginning on or after January 1, 1998, these principal business activity codes are based on the North American Industry Classification System published by the United States Office of Management and Budget, 1997 Edition.

Agriculture, Forestry, Fishing, and Hunting

Code

Crop Production

- 111100 Oilseed & Grain Farming
- 111210 Vegetable & Melon Farming (including potatoes & yams)
- 111300 Fruit & Tree Nut Farming
- 111400 Greenhouse, Nursery, & Floriculture Production
- 111900 Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet, & all other crop farming)

Animal Production

- 112111 Beef Cattle Ranching & Farming
- 112112 Cattle Feedlots
- 112120 Dairy Cattle & Milk Production
- 112210 Hog & Pig Farming
- 112300 Poultry & Egg Production
- 112400 Sheep & Goat Farming
- 112510 Animal Aquaculture (including shellfish & finfish farms & hatcheries)
- 112900 Other Animal Production

Forestry and Logging

- 113110 Timber Tract Operations
- 113210 Forest Nurseries & Gathering of Forest Products
- 113310 Logging

Fishing, Hunting and Trapping

- 114110 Fishing
- 114210 Hunting & Trapping

Support Activities for Agriculture and Forestry

- 115110 Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating)
- 115210 Support Activities for Animal Production
- 115310 Support Activities for Forestry

Mining

- 211110 Oil & Gas Extraction
- 212110 Coal Mining
- 212200 Metal Ore Mining
- 212310 Stone Mining & Quarrying
- 212320 Sand, Gravel, Clay, & Ceramic & Refractory

Minerals Mining & Quarrying

- 212390 Other Nonmetallic Mineral Mining & Quarrying
- 213110 Support Activities for Mining

Utilities

- 221100 Electric Power Generation, Transmission & Distribution
- 221210 Natural Gas Distribution
- 221300 Water, Sewage, & Other Systems

Construction

Code

Construction of Buildings

- 236110 Residential Building Construction
- 236200 Nonresidential Building Construction

Heavy and Civil Engineering Construction

- 237100 Utility System Construction
- 237210 Land Subdivision
- 237310 Highway, Street, & Bridge Construction
- 237990 Other Heavy & Civil Engineering Construction

Specialty Trade Contractors

- 238100 Foundation, Structure, & Building Exterior Contractors (including framing carpentry, masonry, glass, roofing, & siding)
- 238210 Electrical Contractors
- 238220 Plumbing, Heating, & Air-Conditioning Contractors
- 238290 Other Building Equipment Contractors
- 238300 Building Finishing Contractors (including drywall, insulation, painting, wallcovering, flooring, tile, & finish carpentry)
- 238900 Other Specialty Trade Contractors (including site preparation)

Manufacturing

Food Manufacturing

- 311110 Animal Food Mfg
- 311200 Grain & Oilseed Milling
- 311300 Sugar & Confectionery Product Mfg
- 311400 Fruit & Vegetable Preserving & Specialty Food Mfg
- 311500 Dairy Product Mfg
- 311610 Animal Slaughtering and Processing
- 311710 Seafood Product Preparation & Packaging
- 311800 Bakeries & Tortilla Mfg
- 311900 Other Food Mfg (including coffee, tea, flavorings, & seasonings)

Beverage and Tobacco Product Manufacturing

- 312110 Soft Drink & Ice Mfg
- 312120 Breweries
- 312130 Wineries
- 312140 Distilleries
- 312200 Tobacco Manufacturing

Textile Mills and Textile Product Mills

313000 Textile Mills

314000 Textile Product Mills

Apparel Manufacturing

- 315100 Apparel Knitting Mills

Code

- 315210 Cut & Sew Apparel Contractors
- 315220 Men's & Boys' Cut & Sew Apparel Mfg
- 315230 Women's & Girls' Cut & Sew Apparel Mfg
- 315290 Other Cut & Sew Apparel Mfg
- 315990 Apparel Accessories & Other Apparel Mfg

Leather and Allied Product Manufacturing

- 316110 Leather & Hide Tanning & Finishing
- 316210 Footwear Mfg (including rubber & plastics)
- 316990 Other Leather & Allied Product Mfg

Wood Product Manufacturing

- 321110 Sawmills & Wood Preservation
- 321210 Veneer, Plywood, & Engineered Wood Product Mfg
- 321900 Other Wood Product Mfg

Paper Manufacturing

- 322100 Pulp, Paper, & Paperboard Mills
- 322200 Converted Paper Product Mfg

Printing and Related Support Activities

- 323100 Printing & Related Support Activities

Petroleum and Coal Products Manufacturing

- 324110 Petroleum Refineries (including integrated)
- 324120 Asphalt Paving, Roofing, & Saturated Materials Mfg
- 324190 Other Petroleum & Coal Products Mfg

Chemical Manufacturing

- 325100 Basic Chemical Mfg
- 325200 Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg
- 325300 Pesticide, Fertilizer, & Other Agricultural Chemical Mfg
- 325410 Pharmaceutical & Medicine Mfg
- 325500 Paint, Coating, & Adhesive Mfg
- 325600 Soap, Cleaning Compound, & Toilet Preparation Mfg
- 325900 Other Chemical Product & Preparation Mfg

Plastics and Rubber Products Manufacturing

- 326100 Plastics Product Mfg
- 326200 Rubber Product Mfg

Nonmetallic Mineral Product Manufacturing

- 327100 Clay Product & Refractory Mfg
- 327210 Glass & Glass Product Mfg
- 327300 Cement & Concrete Product Mfg
- 327400 Lime & Gypsum Product Mfg
- 327900 Other Nonmetallic Mineral Product Mfg

Primary Metal Manufacturing

- 331110 Iron & Steel Mills & Ferroalloy Mfg
- 331200 Steel Product Mfg from Purchased Steel
- 331310 Alumina & Aluminum Production & Processing
- 331400 Nonferrous Metal (except Aluminum) Production & Processing
- 331500 Foundries

Fabricated Metal Product Manufacturing

- 332110 Forging & Stamping
- 332210 Cutlery & Handtool Mfg
- 332300 Architectural & Structural Metals Mfg
- 332400 Boiler, Tank, & Shipping Container Mfg
- 332510 Hardware Mfg
- 332610 Spring & Wire Product Mfg
- 332700 Machine Shops, Turned Product, & Screw, Nut, & Bolt Mfg

Code

- 332810 Coating, Engraving, Heat Treating, & Allied Activities
- 332900 Other Fabricated Metal Product Mfg

Machinery Manufacturing

- 333100 Agriculture, Construction, & Mining Machinery Mfg
- 333200 Industrial Machinery Mfg
- 333310 Commercial & Service Industry Machinery Mfg
- 333410 Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg
- 333510 Metalworking Machinery Mfg
- 333610 Engine, Turbine, & Power Transmission Equipment Mfg
- 333900 Other General Purpose Machinery Mfg

Computer and Electronic Product Manufacturing

- 334110 Computer & Peripheral Equipment Mfg
- 334200 Communications Equipment Mfg
- 334310 Audio & Video Equipment Mfg
- 334410 Semiconductor & Other Electronic Component Mfg
- 334500 Navigational, Measuring, Electromedical, & Control Instruments Mfg
- 334610 Manufacturing & Reproducing Magnetic & Optical Media

Electrical Equipment, Appliance, and Component Manufacturing

- 335100 Electric Lighting Equipment Mfg
- 335200 Household Appliance Mfg
- 335310 Electrical Equipment Mfg
- 335900 Other Electrical Equipment & Component Mfg

Transportation Equipment Manufacturing

- 336100 Motor Vehicle Mfg
- 336210 Motor Vehicle Body & Trailer Mfg
- 336300 Motor Vehicle Parts Mfg
- 336410 Aerospace Product & Parts Mfg
- 336510 Railroad Rolling Stock Mfg
- 336610 Ship & Boat Building
- 336990 Other Transportation Equipment Mfg

Furniture and Related Product Manufacturing

- 337000 Furniture & Related Product Manufacturing

Miscellaneous Manufacturing

- 339110 Medical Equipment & Supplies Mfg
- 339900 Other Miscellaneous Manufacturing

Wholesale Trade

Merchant Wholesalers, Durable Goods

- 423100 Motor Vehicle & Motor Vehicle Parts & Supplies
- 423200 Furniture & Home Furnishings
- 423300 Lumber & Other Construction Materials
- 423400 Professional & Commercial Equipment & Supplies
- 423500 Metal & Mineral (except Petroleum)
- 423600 Electrical & Electronic Goods
- 423700 Hardware, & Plumbing & Heating Equipment & Supplies
- 423800 Machinery, Equipment, & Supplies
- 423910 Sporting & Recreational Goods & Supplies
- 423920 Toy & Hobby Goods & Supplies
- 423930 Recyclable Materials
- 423940 Jewelry, Watch, Precious Stone, & Precious Metals
- 423990 Other Miscellaneous Durable Goods

Code	Code	Code	Code
Merchant Wholesalers, Nondurable Goods	Clothing and Clothing Accessories Stores	Support Activities for Transportation	Securities, Commodity Contracts, and Other Financial Investments and Related Activities
424100 Paper & Paper Products	448110 Men's Clothing Stores	488100 Support Activities for Air Transportation	523110 Investment Banking & Securities Dealing
424210 Drugs & Druggists' Sundries	448120 Women's Clothing Stores	488210 Support Activities for Rail Transportation	523120 Securities Brokerage
424300 Apparel, Piece Goods, & Notions	448130 Children's & Infants' Clothing Stores	488300 Support Activities for Water Transportation	523130 Commodity Contracts Dealing
424400 Grocery & Related Products	448140 Family Clothing Stores	488410 Motor Vehicle Towing	523140 Commodity Contracts Brokerage
424500 Farm Product Raw Materials	448150 Clothing Accessories Stores	488490 Other Support Activities for Road Transportation	523210 Securities & Commodity Exchanges
424600 Chemical & Allied Products	448190 Other Clothing Stores	488510 Freight Transportation Arrangement	523900 Other Financial Investment Activities (including portfolio management & investment advice)
424700 Petroleum & Petroleum Products	448210 Shoe Stores	488990 Other Support Activities for Transportation	
424800 Beer, Wine, & Distilled Alcoholic Beverages	448310 Jewelry Stores		Insurance Carriers and Related Activities
424910 Farm Supplies	448320 Luggage & Leather Goods Stores	Couriers and Messengers	524140 Direct Life, Health, & Medical Insurance & Reinsurance Carriers
424920 Book, Periodical, & Newspapers	Sporting Goods, Hobby, Book, and Music Stores	492110 Couriers	524150 Direct Insurance & Reinsurance (except Life, Health, & Medical) Carriers
424930 Flower, Nursery Stock, & Florists' Supplies	451110 Sporting Goods Stores	492210 Local Messengers & Local Delivery	524210 Insurance Agencies & Brokerages
424940 Tobacco & Tobacco Products	451120 Hobby, Toy, & Game Stores	Warehousing and Storage	524290 Other Insurance Related Activities
424950 Paint, Varnish, & Supplies	451130 Sewing, Needlework, & Piece Goods Stores	493100 Warehousing & Storage (except lessors of miniwarehouses & self-storage units)	
424990 Other Miscellaneous Nondurable Goods	451140 Musical Instrument & Supplies Stores		Funds, Trusts, and Other Financial Vehicles
Wholesale Electronic Markets and Agents and Brokers	451211 Book Stores	Information	525100 Insurance & Employee Benefit Funds
425110 Business to Business Electronic Markets	451212 News Dealers & Newsstands	Publishing Industries	525910 Open-End Investment Funds (Form 1120-RIC)
425120 Wholesale Trade Agents & Brokers	451220 Prerecorded Tape, Compact Disc, & Record Stores	511110 Newspaper Publishers	525920 Trusts, Estates, & Agency Accounts
Retail Trade	General Merchandise Stores	511120 Periodical Publishers	525930 Real Estate Investment Trusts (Form 1120-REIT)
Motor Vehicle and Parts Dealers	452900 Other General Merchandise Stores	511130 Book Publishers	525990 Other Financial Vehicles
441110 New Car Dealers	Miscellaneous Store Retailers	511140 Database & Directory Publishers	"Offices of Bank Holding Companies" and "Offices of Other Holding Companies" are located under Management of Companies (Holding Companies) below.
441120 Used Car Dealers	453110 Florists	511190 Other Publishers	Real Estate and Rental and Leasing
441210 Recreational Vehicle Dealers	453210 Office Supplies & Stationery Stores	512110 Software Publishers	Real Estate
441221 Motorcycle Dealers	453220 Gift, Novelty, & Souvenir Stores	Motion Picture and Sound Recording Industries	531110 Lessors of Residential Buildings & Dwellings
441222 Boat Dealers	453310 Used Merchandise Stores	512100 Motion Picture & Video Industries (except video rental)	531114 Cooperative Housing
441229 All Other Motor Vehicle Dealers	453910 Pet & Pet Supplies Stores	512200 Sound Recording Industries	531120 Lessors of Nonresidential Buildings (except Miniwarehouses)
441300 Automotive Parts, Accessories, & Tire Stores	453920 Art Dealers	Broadcasting (except Internet)	531130 Lessors of Miniwarehouses & Self-Storage Units
Furniture and Home Furnishings Stores	453930 Manufactured (Mobile) Home Dealers	515100 Radio & Television Broadcasting	531190 Lessors of Other Real Estate Property
442110 Furniture Stores	453990 All Other Miscellaneous Store Retailers (including tobacco, candle, & trophy shops)	515210 Cable & Other Subscription Programming	531210 Offices of Real Estate Agents & Brokers
442210 Floor Covering Stores	Nonstore Retailers	Internet Publishing and Broadcasting	531310 Real Estate Property Managers
442291 Window Treatment Stores	454110 Electronic Shopping & Mail-Order Houses	516110 Internet Publishing & Broadcasting	531320 Offices of Real Estate Appraisers
442299 All Other Home Furnishings Stores	454210 Vending Machine Operators	Telecommunications	531390 Other Activities Related to Real Estate
Electronics and Appliance Stores	454311 Heating Oil Dealers	517000 Telecommunications (including paging, cellular, satellite, cable & other program distribution, resellers, & other telecommunications)	Rental and Leasing Services
443111 Household Appliance Stores	454312 Liquefied Petroleum Gas (Bottled Gas) Dealers	Internet Service Providers, Web Search Portals, and Data Processing Services	532100 Automotive Equipment Rental & Leasing
443112 Radio, Television, & Other Electronics Stores	454319 Other Fuel Dealers	518111 Internet Service Providers	532210 Consumer Electronics & Appliances Rental
443120 Computer & Software Stores	454390 Other Direct Selling Establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)	518112 Web Search Portals	532220 Formal Wear & Costume Rental
443130 Camera & Photographic Supplies Stores	Transportation and Warehousing	518210 Data Processing, Hosting, & Related Services	532230 Video Tape & Disc Rental
Building Material and Garden Equipment and Supplies Dealers	Air, Rail, and Water Transportation	Other Information Services	532290 Other Consumer Goods Rental
444110 Home Centers	481000 Air Transportation	519100 Other Information Services (including news syndicates & libraries)	532310 General Rental Centers
444120 Paint & Wallpaper Stores	482110 Rail Transportation	Finance and Insurance	532400 Commercial & Industrial Machinery & Equipment Rental & Leasing
444130 Hardware Stores	483000 Water Transportation	Depository Credit Intermediation	Lessors of Nonfinancial Intangible Assets (except copyrighted works)
444190 Other Building Material Dealers	Truck Transportation	522110 Commercial Banking	533110 Lessors of Nonfinancial Intangible Assets (except copyrighted works)
444200 Lawn & Garden Equipment & Supplies Stores	484110 General Freight Trucking, Local	522120 Savings Institutions	
Food and Beverage Stores	484120 General Freight Trucking, Long-distance	522130 Credit Unions	Professional, Scientific, and Technical Services
445110 Supermarkets and Other Grocery (except Convenience) Stores	484200 Specialized Freight Trucking	522190 Other Depository Credit Intermediation	Legal Services
445120 Convenience Stores	Transit and Ground Passenger Transportation	Nondepository Credit Intermediation	541110 Offices of Lawyers
445210 Meat Markets	485110 Urban Transit Systems	522210 Credit Card Issuing	541190 Other Legal Services
445220 Fish & Seafood Markets	485210 Interurban & Rural Bus Transportation	522220 Sales Financing	
445230 Fruit & Vegetable Markets	485310 Taxi Service	522291 Consumer Lending	
445291 Baked Goods Stores	485320 Limousine Service	522292 Real Estate Credit (including mortgage bankers & originators)	
445292 Confectionery & Nut Stores	485410 School & Employee Bus Transportation	522293 International Trade Financing	
445299 All Other Specialty Food Stores	485510 Charter Bus Industry	522294 Secondary Market Financing	
445310 Beer, Wine, & Liquor Stores	485990 Other Transit & Ground Passenger Transportation	522298 All Other Nondepository Credit Intermediation	
Health and Personal Care Stores	Pipeline Transportation	Activities Related to Credit Intermediation	
446110 Pharmacies & Drug Stores	486000 Pipeline Transportation Scenic & Sightseeing Transportation	522300 Activities Related to Credit Intermediation (including loan brokers)	
446120 Cosmetics, Beauty Supplies, & Perfume Stores	Scenic & Sightseeing Transportation		
446130 Optical Goods Stores	487000 Scenic & Sightseeing Transportation		
446190 Other Health & Personal Care Stores			
Gasoline Stations			
447100 Gasoline Stations (including convenience stores with gas)			

<p>Code</p> <p>Accounting, Tax Preparation, Bookkeeping, and Payroll Services</p> <p>541211 Offices of Certified Public Accountants</p> <p>541213 Tax Preparation Services</p> <p>541214 Payroll Services</p> <p>541219 Other Accounting Services</p> <p>Architectural, Engineering, and Related Services</p> <p>541310 Architectural Services</p> <p>541320 Landscape Architecture Services</p> <p>541330 Engineering Services</p> <p>541340 Drafting Services</p> <p>541350 Building Inspection Services</p> <p>541360 Geophysical Surveying & Mapping Services</p> <p>541370 Surveying & Mapping (except Geophysical) Services</p> <p>541380 Testing Laboratories</p> <p>Specialized Design Services</p> <p>541400 Specialized Design Services (including interior, industrial, graphic, & fashion design)</p> <p>Computer Systems Design and Related Services</p> <p>541511 Custom Computer Programming Services</p> <p>541512 Computer Systems Design Services</p> <p>541513 Computer Facilities Management Services</p> <p>541519 Other Computer Related Services</p> <p>Other Professional, Scientific, and Technical Services</p> <p>541600 Management, Scientific, & Technical Consulting Services</p> <p>541700 Scientific Research & Development Services</p> <p>541800 Advertising & Related Services</p> <p>541910 Marketing Research & Public Opinion Polling</p> <p>541920 Photographic Services</p> <p>541930 Translation & Interpretation Services</p> <p>541940 Veterinary Services</p> <p>541990 All Other Professional, Scientific, & Technical Services</p> <p>Management of Companies (Holding Companies)</p> <p>551111 Offices of Bank Holding Companies</p> <p>551112 Offices of Other Holding Companies</p>	<p>Code</p> <p>561500 Travel Arrangement & Reservation Services</p> <p>561600 Investigation & Security Services</p> <p>561710 Exterminating & Pest Control Services</p> <p>561720 Janitorial Services</p> <p>561730 Landscaping Services</p> <p>561740 Carpet & Upholstery Cleaning Services</p> <p>561790 Other Services to Buildings & Dwellings</p> <p>561900 Other Support Services (including packaging & labeling services, & convention & trade show organizers)</p> <p>Waste Management and Remediation Services</p> <p>562000 Waste Management & Remediation Services</p> <p>Educational Services</p> <p>611000 Educational Services (including schools, colleges, & universities)</p> <p>Health Care and Social Assistance</p> <p>Offices of Physicians and Dentists</p> <p>621111 Offices of Physicians (except mental health specialists)</p> <p>621112 Offices of Physicians, Mental Health Specialists</p> <p>621210 Offices of Dentists</p> <p>Offices of Other Health Practitioners</p> <p>621310 Offices of Chiropractors</p> <p>621320 Offices of Optometrists</p> <p>621330 Offices of Mental Health Practitioners (except Physicians)</p> <p>621340 Offices of Physical, Occupational & Speech Therapists, & Audiologists</p> <p>621391 Offices of Podiatrists</p> <p>621399 Offices of All Other Miscellaneous Health Practitioners</p> <p>Outpatient Care Centers</p> <p>621410 Family Planning Centers</p> <p>621420 Outpatient Mental Health & Substance Abuse Centers</p> <p>621491 HMO Medical Centers</p> <p>621492 Kidney Dialysis Centers</p> <p>621493 Freestanding Ambulatory Surgical & Emergency Centers</p> <p>621498 All Other Outpatient Care Centers</p> <p>Medical and Diagnostic Laboratories</p> <p>621510 Medical & Diagnostic Laboratories</p> <p>Home Health Care Services</p> <p>621610 Home Health Care Services</p>	<p>Code</p> <p>Other Ambulatory Health Care Services</p> <p>621900 Other Ambulatory Health Care Services (including ambulance services & blood & organ banks)</p> <p>Hospitals</p> <p>622000 Hospitals</p> <p>Nursing and Residential Care Facilities</p> <p>623000 Nursing & Residential Care Facilities</p> <p>Social Assistance</p> <p>624100 Individual & Family Services</p> <p>624200 Community Food & Housing, & Emergency & Other Relief Services</p> <p>624310 Vocational Rehabilitation Services</p> <p>624410 Child Day Care Services</p> <p>Arts, Entertainment, and Recreation</p> <p>Performing Arts, Spectator Sports, and Related Industries</p> <p>711100 Performing Arts Companies</p> <p>711210 Spectator Sports (including sports clubs & racetracks)</p> <p>711300 Promoters of Performing Arts, Sports, & Similar Events</p> <p>711410 Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures</p> <p>711510 Independent Artists, Writers, & Performers</p> <p>Museums, Historical Sites, and Similar Institutions</p> <p>712100 Museums, Historical Sites, & Similar Institutions</p> <p>Amusement, Gambling, and Recreation Industries</p> <p>713100 Amusement Parks & Arcades</p> <p>713200 Gambling Industries</p> <p>713900 Other Amusement & Recreation Industries (including golf courses, skiing facilities, marinas, fitness centers, & bowling centers)</p> <p>Accommodation and Food Services</p> <p>Accommodation</p> <p>721110 Hotels (except casino hotels) & Motels</p> <p>721120 Casino Hotels</p> <p>721191 Bed & Breakfast Inns</p> <p>721199 All Other Traveler Accommodation</p> <p>721210 RV (Recreational Vehicle) Parks & Recreational Camps</p> <p>721310 Rooming & Boarding Houses</p>	<p>Code</p> <p>Food Services and Drinking Places</p> <p>722110 Full-Service Restaurants</p> <p>722210 Limited-Service Eating Places</p> <p>722300 Special Food Services (including food service contractors & caterers)</p> <p>722410 Drinking Places (Alcoholic Beverages)</p> <p>Other Services</p> <p>Repair and Maintenance</p> <p>811110 Automotive Mechanical & Electrical Repair & Maintenance</p> <p>811120 Automotive Body, Paint, Interior, & Glass Repair</p> <p>811190 Other Automotive Repair & Maintenance (including oil change & lubrication shops & car washes)</p> <p>811210 Electronic & Precision Equipment Repair & Maintenance</p> <p>811310 Commercial & Industrial Machinery & Equipment (except Automotive & Electronic) Repair & Maintenance</p> <p>811410 Home & Garden Equipment & Appliance Repair & Maintenance</p> <p>811420 Reupholstery & Furniture Repair</p> <p>811430 Footwear & Leather Goods Repair</p> <p>811490 Other Personal & Household Goods Repair & Maintenance</p> <p>Personal and Laundry Services</p> <p>812111 Barber Shops</p> <p>812112 Beauty Salons</p> <p>812113 Nail Salons</p> <p>812190 Other Personal Care Services (including diet & weight reducing centers)</p> <p>812210 Funeral Homes & Funeral Services</p> <p>812220 Cemeteries & Crematories</p> <p>812310 Coin-Operated Laundries & Drycleaners</p> <p>812320 Drycleaning & Laundry Services (except Coin-Operated)</p> <p>812330 Linen & Uniform Supply</p> <p>812910 Pet Care (except Veterinary) Services</p> <p>812920 Photofinishing</p> <p>812930 Parking Lots & Garages</p> <p>812990 All Other Personal Services</p> <p>Religious, Grantmaking, Civic, Professional, and Similar Organizations</p> <p>813000 Religious, Grantmaking, Civic, Professional, & Similar Organizations</p>
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2002

Los Angeles Revitalization Zone Deduction and Credit Summary

3806

Attach to your California tax return.

Social security or California corporation number

Name(s) as shown on return

FEIN

Secretary of State file number

A. Check the appropriate box for your entity type:

- ☐ Individual ☐ Estate ☐ Trust ☐ C corporation ☐ S corporation ☐ Partnership
☐ Exempt organization ☐ Limited liability company ☐ Limited liability partnership

B. Enter the name of the Los Angeles Revitalization Zone (LARZ) business: _____**C.** Enter the address (actual location) where the LARZ business is conducted: _____**D.** Enter the name of the community within the former LARZ in which the business and/or investment activity is located. _____**E.** Principal Business Activity Code number of the LARZ business _____

Enter the six-digit number from the Codes for Principal Business Activity.

F. Gross annual receipts of the business _____**G.** Total asset value of the business _____**Part I Credit Carryovers Used****1** Hiring and sales or use tax credit carryovers claimed on the current year return:**a** Construction hiring credit carryover from Schedule Z, line 8A, column (d) or line 11, column (c) **1a** _____**b** General hiring credit carryover from Schedule Z, line 9A, column (d) or line 12, column (c) **1b** _____**c** Sales or use tax credit carryover from Schedule Z, line 10A, column (d) or line 13, column (c) **1c** _____**d** Add line 1a, line 1b, and line 1c **1d** _____**Note:** To figure the amount of credit carryovers to carry over, complete Schedule Z on Side 2.**Part II Portion of Business Attributable to the Former LARZ****2** Enter the average apportionment percentage of your business that is in the former LARZ from Worksheet I, Section A, line 4. If your operation is wholly within the former LARZ, the average apportionment percentage is 100% (1.00) **2** _____**Part III Net Operating Loss (NOL) Carryover and Deduction****3 a** Enter the total LARZ NOL carryover from prior years from Worksheet II, line 15, column (b) **3a** _____**b** Enter the total LARZ NOL deduction used in the current year from Worksheet II, line 15, column (c).

Enter this amount on Schedule CA (540 or 540NR), line 21e, column B; Form 100, line 21; Form 100W, line 21;

Form 100S, line 19; or Form 109, line 3 or line 11 **3b** _____**c** Enter the LARZ NOL to carry over to future years from Worksheet II, line 15, column (e) **3c** _____

ELECTION: For those taxpayers eligible for an NOL carryover under R&TC Sections 17276.2, 17276.4, 17276.5, 17276.6, 24416.2, 24416.4, 24416.5, or 24416.6, the act of claiming an NOL carryover on this form constitutes the **irrevocable** election to apply the loss under R&TC Sections 17276.4 or 24416.4, for taxpayers operating a trade or business within the LARZ. If you elect to carry over an NOL under the LARZ provisions, you cannot carry over any other type and amount of NOL from this year.

SUSPENDED

Schedule Z Computation of Credit Carryover Limitation – Los Angeles Revitalization Zone**Part I Computation of Limitations.** See instructions.

1 Trade or business income. Individuals: Enter the amount from Worksheet I, Section B, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Note: Corporations which file a combined report, enter the taxpayer's business income apportioned to California (see instructions Part II)		1
2 Corporations: Enter the average apportionment percentage from Worksheet I, Section A, line 4. See instructions ..		2
3 Multiply line 1 by line 2		3
4 Enter the LARZ NOL deductions from Worksheet II, line 15, column (c)		4 SUSPENDED
5 LARZ taxable income. For 2002 tax year, enter the amount from line 3		5
6 a Compute the amount of tax due using the amount on line 5. See instructions ..	6a	
b Enter the amount of tax from Form 540, line 24; Long Form 540NR, line 27; Form 541, line 21; Form 100, line 24; Form 100W, line 24 ; Form 100S, line 22; or Form 109, line 7 or line 15. Corporations, combined groups, and S corporations, see instructions	6b	
7 Enter the smaller of line 6a or line 6b. This is the limitation based on the LARZ income. Go to Part II, Part III, or Part IV. See instructions		7

Part II Limitation of Credit Carryovers for Corporations, Individuals, Estates, and Trusts. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Limitation based on LARZ business income	(d) Used on Schedule P can never be greater than col. (b) or col. (c)	(e) Carryover col. (b) minus col. (c)
8 Construction hiring	A			
	B			
9 General hiring	A			
	B			
10 Sales or use tax	A			
	B			

Part III Limitation of Credit Carryovers for S Corporations Only. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Credit carryover used this year by S corporation	(d) Carryover col. (b) minus col. (c)
11 Construction hiring			
12 General hiring			
13 Sales or use tax			

Part IV Limitation of Credit Carryovers for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Carryover enter amount from col. (b)
14 Construction hiring		
15 General hiring		
16 Sales or use tax		

2002

Los Angeles Revitalization Zone Deduction and Credit Summary

3806

Attach to your California tax return.

Social security or California corporation number

Name(s) as shown on return

FEIN

Secretary of State file number

A. Check the appropriate box for your entity type:

- ☐ Individual ☐ Estate ☐ Trust ☐ C corporation ☐ S corporation ☐ Partnership
☐ Exempt organization ☐ Limited liability company ☐ Limited liability partnership

B. Enter the name of the Los Angeles Revitalization Zone (LARZ) business: _____**C.** Enter the address (actual location) where the LARZ business is conducted: _____**D.** Enter the name of the community within the former LARZ in which the business and/or investment activity is located. _____**E.** Principal Business Activity Code number of the LARZ business _____

Enter the six-digit number from the Codes for Principal Business Activity.

F. Gross annual receipts of the business _____**G.** Total asset value of the business _____**Part I Credit Carryovers Used****1** Hiring and sales or use tax credit carryovers claimed on the current year return:**a** Construction hiring credit carryover from Schedule Z, line 8A, column (d) or line 11, column (c) **1a** _____**b** General hiring credit carryover from Schedule Z, line 9A, column (d) or line 12, column (c) **1b** _____**c** Sales or use tax credit carryover from Schedule Z, line 10A, column (d) or line 13, column (c) **1c** _____**d** Add line 1a, line 1b, and line 1c **1d** _____**Note:** To figure the amount of credit carryovers to carry over, complete Schedule Z on Side 2.**Part II Portion of Business Attributable to the Former LARZ****2** Enter the average apportionment percentage of your business that is in the former LARZ from Worksheet I, Section A, line 4. If your operation is wholly within the former LARZ, the average apportionment percentage is 100% (1.00) **2** _____**Part III Net Operating Loss (NOL) Carryover and Deduction****3 a** Enter the total LARZ NOL carryover from prior years from Worksheet II, line 15, column (b) **3a** _____**b** Enter the total LARZ NOL deduction used in the current year from Worksheet II, line 15, column (c).

Enter this amount on Schedule CA (540 or 540NR), line 21e, column B; Form 100, line 21; Form 100W, line 21;

Form 100S, line 19; or Form 109, line 3 or line 11 **3b** _____**c** Enter the LARZ NOL to carry over to future years from Worksheet II, line 15, column (e) **3c** _____

ELECTION: For those taxpayers eligible for an NOL carryover under R&TC Sections 17276.2, 17276.4, 17276.5, 17276.6, 24416.2, 24416.4, 24416.5, or 24416.6, the act of claiming an NOL carryover on this form constitutes the **irrevocable** election to apply the loss under R&TC Sections 17276.4 or 24416.4, for taxpayers operating a trade or business within the LARZ. If you elect to carry over an NOL under the LARZ provisions, you cannot carry over any other type and amount of NOL from this year.

SUSPENDED

Schedule Z Computation of Credit Carryover Limitation – Los Angeles Revitalization Zone**Part I Computation of Limitations.** See instructions.

1 Trade or business income. Individuals: Enter the amount from Worksheet I, Section B, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Note: Corporations which file a combined report, enter the taxpayer's business income apportioned to California (see instructions Part II)		1
2 Corporations: Enter the average apportionment percentage from Worksheet I, Section A, line 4. See instructions ..		2
3 Multiply line 1 by line 2		3
4 Enter the LARZ NOL deductions from Worksheet II, line 15, column (c)		4 SUSPENDED
5 LARZ taxable income. For 2002 tax year, enter the amount from line 3		5
6 a Compute the amount of tax due using the amount on line 5. See instructions ..	6a	
b Enter the amount of tax from Form 540, line 24; Long Form 540NR, line 27; Form 541, line 21; Form 100, line 24; Form 100W, line 24 ; Form 100S, line 22; or Form 109, line 7 or line 15. Corporations, combined groups, and S corporations, see instructions	6b	
7 Enter the smaller of line 6a or line 6b. This is the limitation based on the LARZ income. Go to Part II, Part III, or Part IV. See instructions		7

Part II Limitation of Credit Carryovers for Corporations, Individuals, Estates, and Trusts. See instructions.

(a) Credit name		(b) Total prior year credit carryover	(c) Limitation based on LARZ business income	(d) Used on Schedule P can never be greater than col. (b) or col. (c)	(e) Carryover col. (b) minus col. (c)
8 Construction hiring	A				
	B				
9 General hiring	A				
	B				
10 Sales or use tax	A				
	B				

Part III Limitation of Credit Carryovers for S Corporations Only. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Credit carryover used this year by S corporation	(d) Carryover col. (b) minus col. (c)
11 Construction hiring			
12 General hiring			
13 Sales or use tax			

Part IV Limitation of Credit Carryovers for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Carryover enter amount from col. (b)
14 Construction hiring		
15 General hiring		
16 Sales or use tax		

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Go to our Website:

www.ftb.ca.gov

How to Get California Tax Information

(Keep This Page For Future Use)

Your Rights as a Taxpayer

Our goal at the Franchise Tax Board (FTB) is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See "Where to Get Tax Forms and Publications" below.

Where to Get Tax Forms and Publications

By Internet – You can download, view, and print California tax forms and publications from our Website at: www.ftb.ca.gov

Information about other state agencies can be accessed through the State Agency Index located on the California State Website at: www.ca.gov

By phone – To order California tax forms, publications, and the current year federal booklets, call our automated phone service. To order a form:

- Refer to the list in your tax booklet and find the code number for the form you want to order.
- Call (800) 338-0505 and follow the instructions.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

In person – Many libraries, post offices, and banks provide free California personal income tax booklets during the filing season. Most libraries and some quick print businesses have forms and schedules for you to photocopy (a nominal fee may apply).

Note: Employees at libraries, post offices, banks, and quick print businesses cannot provide tax information or assistance.

By mail – Write to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

Letters

If you write to us, be sure your letter includes your FEIN, Secretary of State file number, California corporation number, or social security number, your daytime and evening telephone numbers, and a copy of the notice (if applicable). Send your letter to:

PROFESSIONAL RESOURCES AND
EDUCATION SECTION MS F-228
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

We will respond to your letter within six weeks. In some cases, we may need to call you for additional information. **Note:** Do not attach correspondence to your tax return unless the correspondence relates to an item on your return.

General Toll-Free Phone Service

Our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.; and
- Saturdays, 8 a.m. until 5 p.m. (January through June only)

Note: We may modify these hours without notice to meet operational needs.

From within the
United States (800) 852-5711
From outside the
United States (916) 845-6500
(not toll-free)

Assistance for persons with disabilities:

The FTB complies with the Americans with Disabilities Act. Persons with a hearing or speech impairments, call:

From TTY/TDD (800) 822-6268
(Direct line to FTB customer service)

Asistencia bilingüe en español:

Nuestro servicio telefónico gratuito está disponible:

- Lunes-viernes de 7 a.m. a 8 p.m.
- Sábados de 8 a.m. a 5 p.m. (**de enero a junio**)

Aviso: Nosotros podemos modificar este horario sin aviso previo de acuerdo a la demanda operativa.

Dentro de los Estados

Unidos llame al: (800) 852-5711
(libre de cargos)

Fuera de los Estados

Unidos llame al: (916) 845-6500
(cargos aplican)

Página Electrónica:

www.ftb.ca.gov

Asistencia para personas discapacitadas:

El FTB está en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos o de habla pueden llamar:

De TTY/TTD, (Línea directa al servicio de clientes del FTB (800) 822-6268

Economic Development Area Information

Further information about the former LARZ is available from:

FRANCHISE TAX BOARD
Telephone: (916) 845-3464
FAX: (916) 845-6791
Website: www.ftb.ca.gov